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Eric Thompson

University of Nebraska-Lincoln, ethompson2@unl.edu

Shannon McClure

University of Nebraska-Lincoln, smcclure@steiergroup.com

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Results of the July Survey of Nebraska Business: August 1, 2014

Prepared by the UNL College of Business Administration, Department of Economics

Author: Dr. Eric Thompson

Graduate Research Assistants: Shannon McClure

***Summary:** Respondents to the July 2014 Survey of Nebraska Business remain positive in their outlook for sales and employment at their business. More respondents expect sales to rise (29%) than decline (20%) in the next six months. Similarly, more expect to increase (13%) rather than reduce (6%) employment. These July results mark the sixth consecutive month in which Nebraska businesses held a positive outlook, although the outlook was somewhat less positive than in June. Within the state, respondents located in Southeast Nebraska were especially positive in their outlook for sales and employment, respondents from Omaha had a similar outlook as businesses in other parts of the state and respondents from Central Nebraska were less positive. When asked about the most important issue facing their business, Nebraska respondents were focused on the individual challenges facing their business. Two-thirds focused on core business operations issues such as customer demand, the cost of supplies, labor quality and availability, competition from other businesses and improved business practices. The remaining one-third named taxes, the Affordable Care Act or other regulations as the most important issue facing their business.*

Survey of Nebraska Business

The *Survey of Nebraska Business* is sent to 500 Nebraska business establishments each month. The survey asks business owners and managers whether they expect to expand sales and employment over the next 6 months. The survey also asks “What is the most important issue facing your business today?” Individual responses to that question fall into one dozen categories of business and public policy issues. Surveyed businesses are randomly selected from all industries, including agriculture. Businesses of all sizes are surveyed. In July, responses were received from 114 of the 500 surveyed businesses. This 23% response rate is sufficient for analysis of the results.

Respondents to the July 2014 *Survey of Nebraska Business* remain positive in their outlook for sales and somewhat positive in their outlook for employment. This is the sixth straight month in which businesses indicated a positive outlook, although responses were less optimistic in July than in June. July responses are summarized in Table 1 below. Results indicate that just over half of respondents expect that sales will remain unchanged over the next six months, while 29 percent expect sales to increase and 20 percent sales to decline. This is a 9 percent gap in the share of respondents expecting an increase rather than a decline in sales. The gap was 15 percent in the June survey. For employment, 81 percent anticipate no change in employment over the next 6 months, while 13 percent expect to add jobs and 6 percent to reduce jobs. This is a 7 percent gap in July, compared to a 13 percent gap in June.

Table 1: Business Expectations for the Next Six Months, July 2014

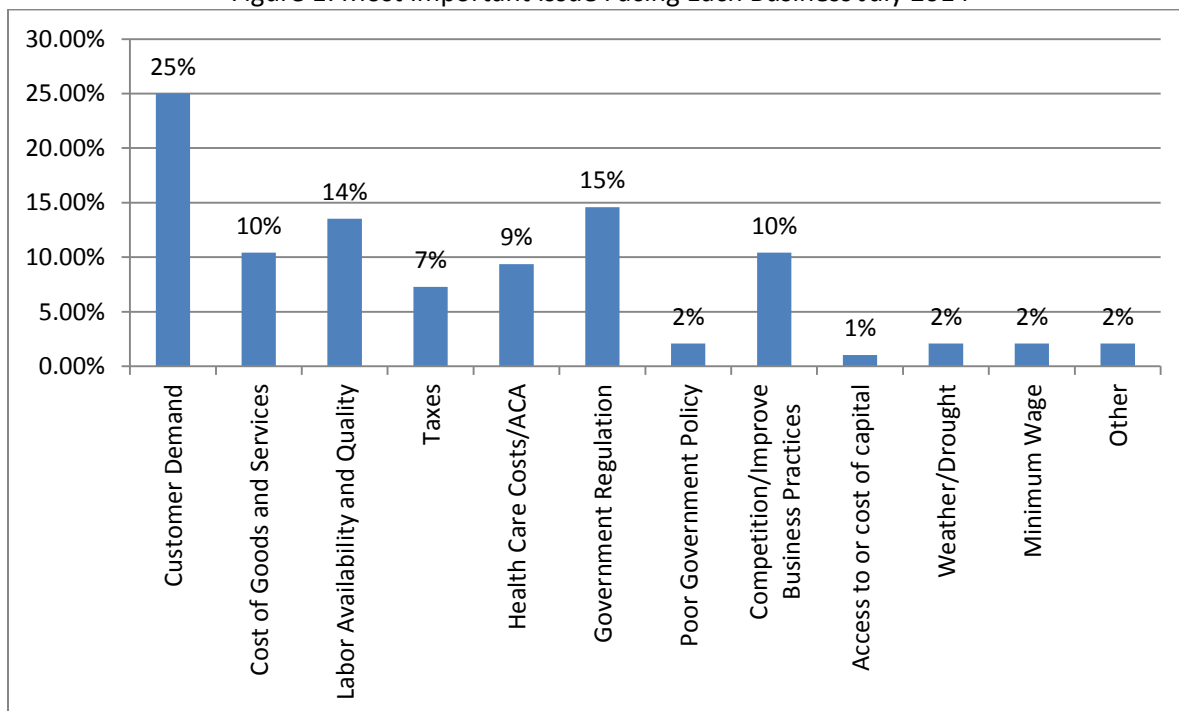
	Change Over the Next Six Months	
	Sales	Employment
Increase	29%	13%
Stay the Same	51%	81%
Decrease	20%	6%

Note: Column totals may not sum to 100% due to rounding.

Results in Figure 1 show the top concerns of responding business owners and managers. Two-thirds of responses were related to business operations issues such as customer demand for business products or services, the cost of supplies, labor availability and quality, competition with other businesses, and improved business practices. The share of respondents mentioning labor availability, competition and improved business practices has risen steadily as business expectations have remained positive over the past six months. Customer demand was the most common concern, named by 25 percent of respondents. Concern about the availability and quality of labor was named by 14 percent of respondents, while 10 percent cited competition from other businesses or a need to improve business practices. Just 2 percent mentioned drought conditions.

One-third of businesses listed public policy issues as their top concern. General concern with government regulation was the top concern, mentioned by 15 percent of respondents. Another 9 percent mentioned health care costs and the affordable care act. Taxes were listed as the top concern by 7 percent of respondents, consistent with previous months.

Figure 1: Most Important Issue Facing Each Business July 2014



Note: Percentages may not sum to 100% due to rounding

Omaha Area Responses to the Survey of Nebraska Business

Table 2 and Figure 2 summarize responses from Omaha Metropolitan Area businesses (Nebraska portion only). The responses are combined from the June and July 2014 surveys. Responses were combined from the last two months in order to generate a sufficient sample size. There were a combined 59 responses from Omaha Metropolitan Area businesses during June and July.

As seen in Table 2, Omaha Metropolitan Area businesses (Nebraska portion only) were positive in their outlook for employment and sales, but no more positive than businesses from other parts of the state. For sales, 32 percent expect sales to increase and just 20 percent sales to decline. For employment, 12 percent expect to add jobs and 3 percent expect to reduce employment. Table 2 also shows combined responses for other parts of Nebraska (all parts of the state besides the Omaha Metropolitan Area) from June and July. The Omaha area respondents have been similar in their outlook for sales and employment as respondents from other parts of the state.

Table 2: Omaha Metro Area Business Expectations for the Next Six Months, June and July, 2014

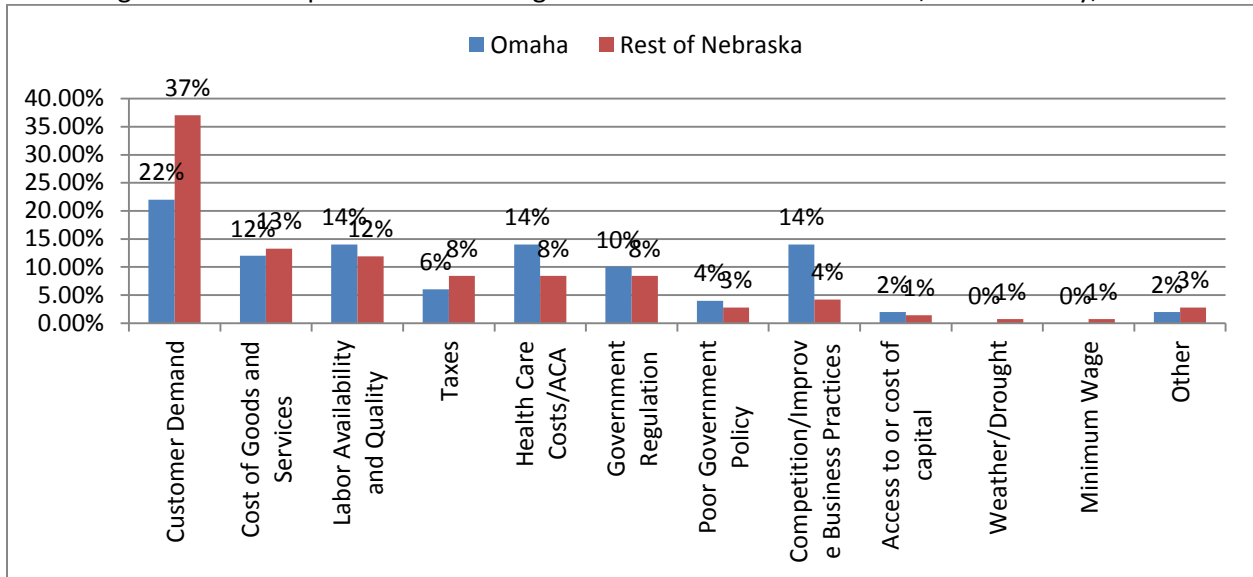
	Change Over the Next Six Months		
	Rest of Nebraska	Omaha Area	Difference
	Sales		
Increase	31%	32%	2%
Stay the Same	49%	47%	-2%
Decrease	20%	20%	0%
	Employment		
Increase	14%	12%	-2%
Stay the Same	81%	84%	3%
Decrease	5%	3%	-1%

Note: Column totals may not sum to 100% due to rounding.

Column differences may not sum to 0% due to rounding.

Figure 2 compares the top business concerns of Omaha Metropolitan Area respondents (Nebraska portion only) from June and July with those from businesses located in other parts of Nebraska. Results indicate that the concerns of Omaha-area businesses are largely similar to those of other Nebraska business owners. Omaha area businesses, however, were less concerned about customer demand in June and July than businesses located in other parts of the state. Omaha area businesses also were more concerned about competition from other businesses and the need to improve business practices, and perhaps also more concerned about health care costs and the Affordable Care Act.

Figure 2: Most Important Issue Facing Omaha Metro Area Businesses, June and July, 2014



Note: Percentages may not sum to 100% due to rounding

Southeast Nebraska Responses to the Survey of Nebraska Business

Table 3 and Figure 3 summarize responses from Southeast Nebraska businesses. Southeast Nebraska includes counties stretching east from York County through Lancaster County to Otoe County and also south to the Nebraska-Kansas border. The responses discussed in Table 3 and Figure 3 are combined from the June and July 2014 surveys, in order to generate a sufficient sample size. There were a combined 54 responses from Southeast Nebraska businesses during June and July.

As seen in Table 3, Southeast Nebraska businesses were more positive in their outlook for sales and particularly employment. For sales, 38 percent expect sales to increase and just 21 percent sales to decline. For employment, 28 percent expect to add jobs and 6 percent expect to reduce employment. Table 3 also shows combined responses for other parts of Nebraska (all parts of the state besides Southeast Nebraska) from June and July. Responses from Southeast Nebraska businesses are much more optimistic in their outlook for sales, and in particular, in their outlook for employment.

Table 3: Southeast Nebraska Business Expectations for the Next Six Months, June and July, 2014

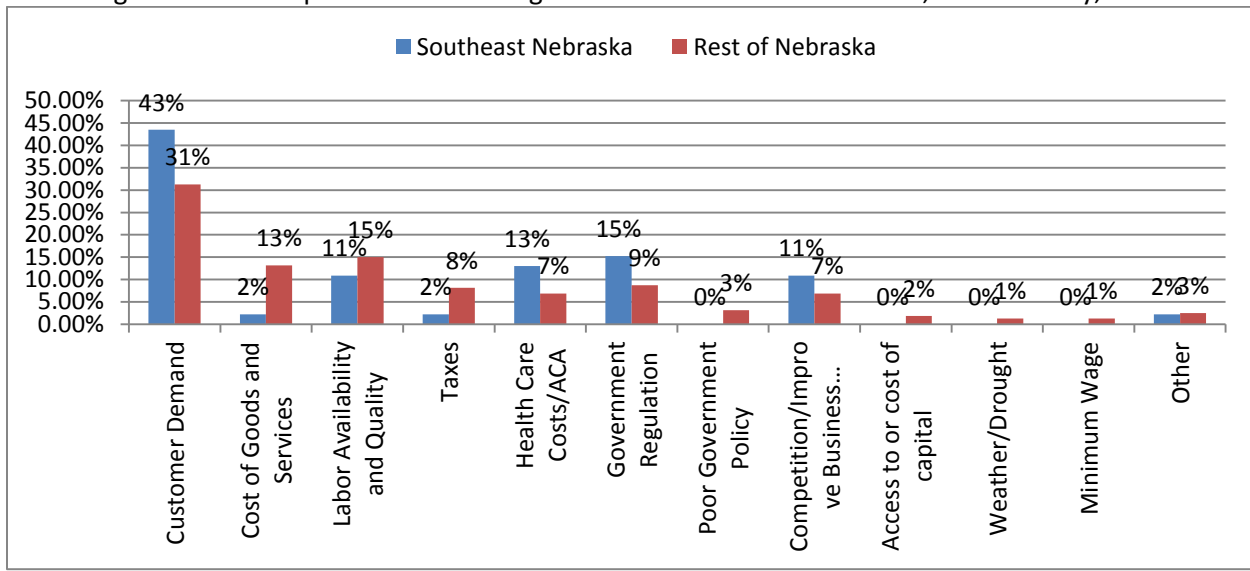
	Change Over the Next Six Months		
	Rest of Nebraska	Southeast Nebraska	Difference
	Sales		
Increase	30%	38%	8%
Stay the Same	52%	42%	-10%
Decrease	18%	21%	3%
	Employment		
Increase	14%	28%	13%
Stay the Same	81%	67%	-14%
Decrease	5%	6%	1%

Note: Column totals may not sum to 100% due to rounding.

Column differences may not sum to 0% due to rounding.

Figure 3 compares the top business concerns of Southeast Nebraska respondents from June and July with those from businesses located in other parts of the state. Respondents from Southeast Nebraska appear to have had different priorities than the rest of the state during the two months. Southeast Nebraska businesses were more concerned about health care and other regulations, as well customer demand but less concerned about the cost of goods and services during June and July. It will be important to note whether these patterns persist in subsequent months.

Figure 3: Most Important Issue Facing Southeast Nebraska Businesses, June and July, 2014



Note: Percentages may not sum to 100% due to rounding

Central Nebraska Responses to the Survey of Nebraska Business

Table 4 and Figure 4 summarize responses from Central Nebraska businesses. Central Nebraska includes Hall County and Buffalo County, counties to the north including Custer County and counties to the south to the Nebraska-Kansas border, including Adams County. The responses discussed in Table 4 and Figure 4 are combined from the June and July 2014 surveys, in order to generate a sufficient sample size. There were a combined 47 responses from Central Nebraska businesses during June and July.

As seen in Table 4, Central Nebraska businesses were less positive in their outlook for employment and particularly sales. For sales, 17 percent expect sales to increase in the next six months and the same share expects sales to decline. This neutral outlook during June and July may reflect declining crop prices. For employment, 11 percent expect to add jobs and 6 percent expect to reduce employment. Table 3 also shows combined responses for other parts of Nebraska (all parts of the state besides Central Nebraska) from June and July. Responses from Central Nebraska businesses are much less optimistic in their outlook for sales and also less optimistic in their employment outlook.

Table 4: Central Nebraska Business Expectations for the Next Six Months, June and July, 2014

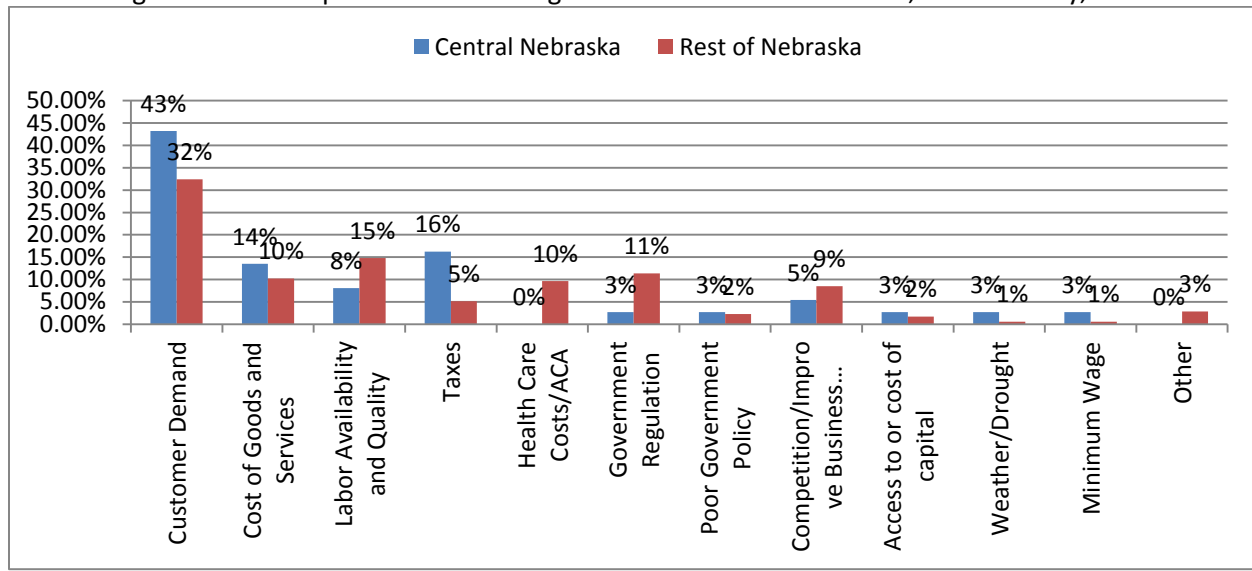
	Change Over the Next Six Months		
	Rest of Nebraska	Central Nebraska	Difference
	Sales		
Increase	35%	17%	-18%
Stay the Same	46%	66%	20%
Decrease	19%	17%	-2%
	Employment		
Increase	15%	11%	-4%
Stay the Same	81%	83%	2%
Decrease	4%	6%	3%

Note: Column totals may not sum to 100% due to rounding.

Column differences may not sum to 0% due to rounding.

Figure 4 compares the top business concerns of Central Nebraska respondents from June and July with those from businesses located in other parts of the state. Central Nebraska businesses were more concerned about customer demand and taxes than businesses in the rest of the state, and less concerned about health care and other regulations. As was true with Southeast Nebraska, it will be important to note whether these patterns persist in subsequent months.

Figure 4: Most Important Issue Facing Central Nebraska Businesses, June and July, 2014



Note: Percentages may not sum to 100% due to rounding